HONG KONG HEALTH CHECK AND LABORATORY HOLDINGS COMPANY LIMITED
香港體檢及醫學診斷控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 397)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2007

FINANCIAL HIGHLIGHT

For the year ended 31 March 2007:

– The Group recorded a revenue of approximately HK$15,813,000, representing an increase of 991% as compared with prior year.

– The Group recorded a loss before tax of approximately HK$44,211,000, representing a decrease of 2.6% as compared with prior year. The contribution of the new business of the Company has not been fully reflected in the past year.

– The contribution of the new business, namely, body check and diagnostic services, including those business from the flagship centre and the announced acquired diagnostic chains, will only be reflected gradually and fairly early in the coming financial year.

– The Directors do not recommend the payment of a dividend for the year ended 31 March 2007 (2006: Nil).

RESULTS

The board of directors (the "Board") of Hong Kong Health Check and Laboratory Holdings Company Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 together with comparative figures for the previous year in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Note	**2007** **HK$'000**	2006 HK$'000
Revenue	3	**15,813**	1,450
Other income		**1,723**	1,469
Changes in inventories and clinical supplies consumed		**(3,914)**	(375)
Employee benefits expense		**(22,930)**	(1,328)
Depreciation expense		**(3,490)**	(1,355)
Fair value gain/(loss) on held-for-trading investments		**1,242**	(1,260)
Impairment losses		**–**	(36,579)
Finance costs	5	**(6,357)**	(3,407)
Other operating expenses		**(26,298)**	(3,961)
Loss before tax		**(44,211)**	(45,346)
Income tax expense	6	**(8,967)**	–
Loss for the year	7	**(53,178)**	(45,346)
Attributable to:			
Equity holders of the Company		**(52,818)**	(45,346)
Minority interests		**(360)**	–
		(53,178)	(45,346)
Dividends		**–**	–
Loss per share			
Basic (HK cents per share)	8	**(3.9)**	(4.9)
Diluted (HK cents per share)	8	**(3.9)**	(4.9)

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment		**92,831**	12
Goodwill		**22,121**	–
		114,952	12
Current assets			
Inventories of clinical supplies, at cost		**362**	–
Trade and other receivables	*9*	**19,757**	22,765
Held-for-trading investments		**71**	16,170
Tax recoverable		**48**	–
Pledged bank deposits		**10,000**	–
Bank balances and cash		**18,288**	47,202
		48,526	86,137
Current liabilities			
Trade and other payables	*10*	**19,954**	5,009
Bank and other borrowings		**48,385**	34,993
Tax payable		**289**	–
		68,628	40,002
Net current (liabilities)/assets		**(20,102)**	46,135
Total assets less current liabilities		**94,850**	46,147
Non-current liabilities			
Bank and other borrowings		**18,708**	–
Convertible loan notes		**47,797**	44,274
Deferred tax liabilities		**9,124**	–
		75,629	44,274
Net assets		**19,221**	1,873
Capital and reserves			
Share capital		**26,298**	11,595
Reserves		**(17,585)**	(9,722)
Equity attributable to the equity holders of the Company		**8,713**	1,873
Minority interests		**10,508**	–
Total equity		**19,221**	1,873

1. GENERAL

Pursuant to the special resolution passed by the Company's shareholders at the special general meeting of the Company held on 21 September 2006, the name of the Company was changed from "Town Health Medical Technology Holdings Company Limited" to "Hong Kong Health Check and Laboratory Holdings Company Limited" with effect from 27 October 2006.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures	1
HKFRS 7	Financial Instruments: Disclosures	1
HKFRS 8	Operating Segments	2
HK(IFRIC) – INT 8	Scope of HKFRS 2	3
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives	4
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment	5
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions	6
HK(IFRIC) – INT 12	Service Concession Arrangements	7

1. Effective for annual periods beginning on or after 1 January 2007.
2. Effective for annual periods beginning on or after 1 January 2009.
3. Effective for annual periods beginning on or after 1 May 2006.
4. Effective for annual periods beginning on or after 1 June 2006.
5. Effective for annual periods beginning on or after 1 November 2006.
6. Effective for annual periods beginning on or after 1 March 2007.
7. Effective for annual periods beginning on or after 1 January 2008.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2007	2006
	HK$'000	*HK$'000*
Provision of healthcare and medical check services	**15,813**	–
Sales of garment	**–**	1,450
	15,813	1,450

4. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Business segments	Provision of healthcare and medical checks services		Manufacturing and sales of garment		Trading of securities		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE	**15,813**	–	**–**	1,450	**–**	–	**15,813**	1,450
RESULT								
Segment result	**(25,872)**	–	**–**	(37,497)	**1,055**	(1,345)	**(24,817)**	(38,842)
Unallocated income							**1,227**	233
Unallocated corporate expenses							**(14,264)**	(3,330)
Finance costs							**(6,357)**	(3,407)
Loss before tax							**(44,211)**	(45,346)
Income tax expense							**(8,967)**	–
Loss for the year							**(53,178)**	(45,346)
BALANCE SHEET								
ASSETS								
Segment assets	**134,292**	22,401	**390**	375	**71**	16,171	**134,753**	38,947
Unallocated corporate assets							**28,725**	47,202
Consolidated total assets							**163,478**	86,149
LIABILITIES								
Segment liabilities	**11,279**	39	**3,347**	3,218			**14,626**	3,257
Unallocated corporate liabilities							**129,631**	81,019
Consolidated total liabilities							**144,257**	84,276
OTHER INFORMATION								
Capital additions	**96,309**	12	**–**	–	**–**	–	**96,309**	12
Addition of goodwill	**22,121**	–	**–**	–	**–**	–	**22,121**	–
Excess of the Group's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost recognized immediately in profit or loss	**(486)**	–	**–**	–	**–**	–	**(486)**	–
Depreciation of property, plant and equipment	**3,490**	–	**–**	1,355	**–**	–	**3,490**	1,355
Gain on disposal of property, plant and equipment	**–**	–	**–**	(108)	**–**	–	**–**	(108)
Impairment losses on property, plant and equipment	**–**	–	**–**	8,492	**–**	–	**–**	8,492
Impairment losses on trade and other receivables	**–**	–	**–**	28,087	**–**	–	**–**	28,087
Equity-settled share-based payments expenses	**90**	–	**–**	–	**–**	–	**90**	–
Fair value (gain)/loss on held–for-trading investments	**–**	–	**–**	–	**(1,242)**	1,260	**(1,242)**	1,260
Write-back of liabilities	**–**	–	**–**	(1,128)	**–**	–	**–**	(1,128)

Geographical segments

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers in Hong Kong and over 90% of the Group' assets are located in Hong Kong.

5. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on:		
– Bank overdrafts	**67**	–
– Bank borrowings wholly repayable within five years	**1,194**	3,011
Effective interest expense on convertible loan notes	**5,096**	396
	6,357	3,407

6. INCOME TAX EXPENSE

	2007	2006
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong profits tax	**134**	–
Deferred tax	**8,833**	–
	8,967	–

Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

No PRC income tax has been provided in respect of the Group's PRC subsidiary since it incurred tax losses for the year.

7. LOSS FOR THE YEAR

	2007	2006
Loss for the year has been arrived at after charging:	***HK$'000***	*HK$'000*
Employee benefits expense:		
– Directors' emoluments	**4,075**	273
– Other staff costs	**18,432**	1,001
– Other staff retirement benefits schemes contributions	**423**	54
	22,930	1,328
Depreciation of property, plant and equipment	**3,490**	1,355
Impairment losses in respect of property, plant and equipment	**–**	8,492
Impairment losses in respect of trade and other receivables	**–**	28,087
Operating lease rentals in respect of rented premises	**2,435**	107
Auditors' remuneration	**480**	313
Cost of inventories recognized as an expense	**3,914**	375
Equity-settled share-based payments	**90**	–

8. LOSS PER SHARE

The calculation of basic loss per share attributable to the equity holders of the Company is based on the loss for the year attributable to the equity holders of the Company of approximately HK$52,818,000 (2006: HK$45,346,000) and on the weighted average number of ordinary shares of approximately 1,358,315,000 (2006: 924,520,000).

For the years ended 31 March 2006 and 2007, the computation of diluted loss per share did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option scheme and the conversion rights attached to the convertible loan notes since their exercises would result in a reduction in loss per share.

9. TRADE AND OTHER RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Trade receivables, with aged analysis		
0-60 days	**3,194**	–
61-90 days	**598**	–
Over 90 days	**1,974**	645
	5,766	645
Less: Accumulated impairment	**(671)**	(645)
Trade receivables, net	**5,095**	–
Loan receivable	**–**	26,869
Less: Accumulated impairment	**–**	(26,494)
Loan receivable, net	**–**	375
Other receivables:		
Deposits paid for acquisition of medical equipments	**2,490**	16,440
Rental and decoration deposits paid to a related company	**5,680**	1,900
Prepayments, deposits and other receivables	**6,492**	4,050
Other receivables, net	**14,662**	22,390
Total trade and other receivables	**19,757**	22,765

10. TRADE AND OTHER PAYABLES

	2007	2006
	HK$'000	*HK$'000*
Trade payables, with aged analysis:		
0-60 days	**798**	–
61-90 days	**17**	60
Over 90 days	**1,154**	1,045
Total trade payables	**1,969**	1,105
Other payables and accruals	**17,985**	3,904
Trade and other payables	**19,954**	5,009

DIVIDENDS

The Board does not recommend the payment of any dividend.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

On behalf of Hong Kong Health Check and Laboratory Holdings Company Limited ("Hong Kong Health Check" or "the Group"), I have pleasure in presenting the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 (the Period) to all shareholders.

During the last year, our Group's result has undergone tremendous breakthrough. Although our new businesses has not brought us surprises in its operation and profit during the Period, our Group has already built a wide and comprehensive operation structural network through continuous reform and reorganization of our company's business. This has laid a foundation for our business to grow and prosper in future years. In the financial aspect, we have equipped the Group with sufficient cash flow through various effective financing channels. Our abundant reserve is beneficial for future long-term development.

In November last year, we increased our shareholding in Parklane Health Check And Medical Diagnostic Centre ("Parklane") to nearly 82% and in December in the same year, our Group invested approximately HK$34 million to purchase all equity interest in OPUS Medical Diagnostic Centre ("OPUS"). As OPUS and Parklane has already established a stable health check centre network and a pool of regular customers, the acquisition can help us to complement each other in our businesses and create synergy effect. Except for the acquisition, our Group has been enthusiastically seeking suitable sites to establish satellite health check centres, so as to increase our pace in developing comprehensive health check centre network throughout Hong Kong.

Our flagship health check centre in 348 Nathan Road in Kowloon has all the necessary equipments and medical facilities. Except for laboratories and various electronic medical diagnostic rooms, there are also antenatal examination room, surgical room, endoscopic examination room and diagnostic examination region for women, etc. The flagship centre is equipped with the most advanced electronic medical equipments like 3.0 T MRI system, 64 Slice Computed Tomography, Positron Emission Tomograpgy – 16 Slice Computed Tomography, digital mammography, whole body bone densitometer, endoscopy, ultrasonograph scanners,etc. Until October 2006, the first phase coordination work (2nd floor of the basement of the centre) generally completed, and new site was put to trial operation in December last year. The market response was satisfactory. Therefore, we increased our pace for the second phase coordination work (1st floor of the basement of the centre). During the Period, we invested approximately HK$150 million into the flagship health check centre.

PROSPECTS

After the hard work of the last year, our Group has successfully occupied an eminent position in Hong Kong's health check and medical diagnostic industry. In the coming year, we aim at tapping health check markets outside Hong Kong with Mainland China as the first target. It is reported that China will be strengthening regulation on health check industry, outlining a management system to raise the threshold for health check institution and implementing a system to grade and manage health check institutions and to raise the quality of specialists and equipments of health check institutions. We are confident in entering China's market since we have a management team with abundant experience and we have reached international professional medical diagnostic level. In the new financial year, our Group and National Center for Traditional Chinese Medicine has entered a cooperation agreement to establish high-end medical diagnostic centre in all major cities in China. National Center for Traditional Chinese Medicine will also provide our Group with information about the 160 national major specialized traditional Chinese medicine hospitals, and help us to launch our project. We believe this cooperation can help us to quicken our pace in development in Mainland China. Besides, we will also collaborate with Mainland traveling agencies to launch Mainland China's health check traveling services.

Although the brand name Hong Kong Health Check is already widely known, we will continue to invest in large-scale publicity and promotion program to maintain our publicity. In March this year, our Group invited Charmaine Sheh, Hong Kong's celebrity in film and television industry, as our spokeperson, in the aim that her young and healthy image can arouse people's awareness to make regular body health check. In addition, our Group will be launching a series of largescale publicity campaign to spread the news of health check to the public. We will also be using various promotion program such as health check membership card system and health talk to arouse people's awareness to make regular health check a habit.

Mergers and acquisitions are still one of the most important tasks in the new financial year. It is also the major reason for our Group's business to boom in a short period of time. After several offer of sales of shares and strategic shareholders, our Group is equipped with abundance of cash for acquisition. In the future, our major target for acquisition shall be middle-sized health check centres and laboratories. We believe that their good business network and immediate profit contribution can complement our Group's backdrop for future development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group is principally engaged in the provision of healthcare services and garment business. The Group's turnover and loss attributable to equity holders of the Company for the year amounted to HK$15,813,000 (2006: HK$1,450,000) and HK$52,818,000 (2006: HK$45,346,000) respectively.

FINANCIAL REVIEW

The diversification of the Group's business into the health checks services has proved to be a successful move. Since the completion of the acquisition of OPUS in December 2006, turnover contribution of HK$ 10,296,500 were made to the results of the year under review. Together with the group's newly opened flagship health check center located in Jordan, these not only compensated the drop in the garment business, but also increased the Group's turnover by 991% as compared with previous year.

Other income for the current year amounted to approximately HK$1,723,000 (2006: approximately HK$1,469,000), out of which, approximately HK$1,227,000 (2006: HK$233,000) represents interest income on bank deposit by the Group during the year with idle funds of the Group.

Employee benefits expense and other operating expenses increased by 831% from HK$5,289,000 in the previous financial year to HK$49,228,000 in the financial year 2007. The increase were mainly due to higher spending on advertising and promotional activities and an increase in employee related costs as business has expanded.

Looking forward, the Group will continue identifying other business opportunities that may create synergies with its core business and further reinforce its market position in healthcare services.

LIQUIDITY, CAPITAL STRUCTURE AND GEARING RATIO

As at 31 March 2007, the Group total borrowings amounted to HK$114,890,000 (2006: HK$79,267,000) which include bank and other borrowings of HK$67,093,000 (2006: HK$34,993,000) and convertible loan notes of HK$47,797,000 (2006: HK$44,274,000). All bank borrowings are denominated in Hong Kong dollars and Renminbi.

The gearing ratio of the Group, defined as total liabilities to total assets was approximately 88% (2006: 98%).

The monetary assets and liabilities and business transaction of the Group are mainly carried and conducted in Hong Kong dollars and Renminbi. The Group maintain a prudent strategy in its foreign exchange risk management, where foreign exchange risk are minimized via balancing the monetary assets versus monetary liabilities, and foreign exchange revenue versus foreign exchange expenditures.

During the year, convertibles loan notes in the aggregate amount of HK$60 million were issued and converted into ordinary shares of the Company, which has resulted in a substantial improvement in the Group's financial position.

The Group's capital commitments as at 31 March 2007 amounted to approximately HK$7,310,000 (2006: HK$38,360,000).

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year 31 March 2007.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for specific terms. However, all the non-executive directors of the Company have not been appointed for specific terms but are subject to rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive directors, Mr. Chan Chi Yuen, Mr. Lo Chun Nga and Mr. Chik Chi Man. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the audited consolidated financial statements for the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's securities by the Company or any of its subsidiaries during the year ended 31 March 2007.

PUBLICATION OF DETAILED ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All the information required by paragraph 45 of Appendix 16 off the Listing Rules will be published on the website of the Stock Exchange in due course.

As at the date of this announcement, the Board comprises seven executive directors, namely Dr. Fung Yiu Tong, Bennet, Mr. Lee Chik Yuet, Dr. Cho Kwai Chee, Dr. Hui Ka Wah, Ronnie, JP, Mr. Cho Kwai Yee, Kevin, Miss. Choi Ka Yee, Crystal and Mr. Siu Kam Chau and three independent non-executive Directors namely Mr. Chan Chi Yuen, Mr. Lo Chun Nga and Mr. Chik Chi Man.

By order of the board of directors of
Hong Kong Health Check and Laboratory Holdings Company Limited
Fung Yiu Tong, Bennet
Chairman

Hong Kong, 27 July 2007

* *For identification purposes only*